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ANNUAL REPORT  
Year ending June 30, 1976



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THE COMMONWEALTH OF MASSACHUSETTS  
**DIVISION OF EMPLOYMENT SECURITY**

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MASSACHUSETTS YEAR IN REVIEW

Major Developments, Fiscal Year 1976

1. Unemployment

At the beginning of fiscal year 1976, (July 1, 1975) the unemployment rate of Massachusetts was at the peak level of 12.3 percent. For more than half the year the rate remained well above 10 percent, with unemployment being a major factor in the economic performance of the division.

Even after a full year, however, there was still a gradual but steady improvement in our economy. By year-end, the rate of unemployment had decreased one third, to a level of 8.2 percent. This has been one of the problems in effective management of our workforce, and

**THE COMMONWEALTH OF MASSACHUSETTS  
DIVISION OF EMPLOYMENT SECURITY**

As we enter a comparable period for 1977 it is important to note that there are approximately 41,000 more people employed in the Commonwealth than a year ago and there are more than 100,000 fewer individuals collecting unemployment benefits than the same time a year ago.

2. Administrative Developments

**ANNUAL REPORT**

**Fiscal Year Ending June 30, 1976**

During the year, the adequacy of personnel and equipment, and the efficiency of various systems and programs. A principal feature was the extension of fiscal training in management by objectives to all levels of administration. A series of four volumes of programmed training was issued to assist officers in facilitating the training of their personnel.

Staff reached a peak level of about 3500 during the year. This expansion worked as we cope more effectively with the various workload encountered early in the year. As the funds gradually eased, we were able to reduce the cumulative backlog, and to control the number of requests, and also reduce our costs.

Organizational changes were made in the State Department of Social Services to make better use of personnel and equipment. These changes were made in the State Department of Social Services to make better use of personnel and equipment. These changes were made in the State Department of Social Services to make better use of personnel and equipment.

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John D. Crosier, Director



## MASSACHUSETTS YEAR IN REVIEW

### I. Major Developments, Fiscal Year 1976

#### A. Economic Improvement

At the beginning of fiscal year 1976, (July 1, 1975) the unadjusted rate of unemployment in Massachusetts was at its peak level of 12.3 percent. For more than half the year the rate remained well above 10 percent, with consequent heavy claim loads and adverse effect on general performance of the division.

Soon after mid-year, however, there was evident a gradual but steady improvement in our economy. By year-end, the rate of unemployment had decreased one third, to a level of 8.2 percent unadjusted. This has eased many of the problems in effective management of our workloads, and has allowed us to provide much better service in various functional areas.

As we enter a comparable period for 1977 it is important to note that there are approximately 41,000 more people employed in the Commonwealth than a year ago and there are some 150,000 fewer individuals collecting U.I. benefits than the same time a year ago.

#### B. Administrative Developments

Major efforts were continued to improve our personnel capacity, the adequacy of premises and equipment, and the efficiency of various systems and programs. A principal feature here was the extension of formal training in management by objectives to all levels of supervision. A series of four volumes of programmed training was issued to claims offices to facilitate the training of their personnel.

Staff reached a peak level of about 3900 during the year. This expansion enabled us to cope more effectively with the massive workloads encountered early in the year. As the loads gradually eased, we were able to reduce the accumulated backlogs, and to curtail the amount of overtime, and also reduce our costs.

Organizational changes were made in the Data Processing Service to enable better control of personnel and equipment resources. Consequent to this, certain claims processing functions were transferred to Data Processing from the Unemployment Insurance Service. This contributed to better overall performance, and was a factor in the improved speed of first payments noted below under II. G.



C. Task Force Review and Recommendations

An 18-member task force was convened during the year to undertake a comprehensive review of the Employment Security Law and its operation. After exhaustive study, the group submitted a series of recommendations to the Governor. Most of these were adopted by Governor Dukakis and incorporated in House 4624, which he filed with the General Court in April. One recommendation of the task force, changing the nature of the disqualification for voluntary leaving of work from a maximum of eight weeks to an indefinite disqualification which became effective on the 4th of January 1976, has, in our opinion, had a substantial positive influence on the attitude of employers in the Commonwealth towards the Unemployment Insurance program. Many of the other recommendations of the task force are still awaiting legislative action and we honestly hope that they will be dealt with in the current session.

D. Modernization of EDP

The very heavy unemployment insurance workloads of the previous year confirmed the inadequacy of our data processing capacity. For an interim solution, we moved to upgrade the central processor and tape and disc units, to expand our terminal and on-line communications capacity, and to streamline data-entry processes. These and related procedural changes enabled us to make significant improvements in certain claims and payment processing activities. The system as a whole, however, was in dire need of modernization.

Accordingly, for the longer term, we began a major effort to provide adequate hardware and software for up-to-date processing of both unemployment insurance and employment service applications. This culminated in award of a contract for a new computer, adequate for all foreseeable needs, to be installed in the next fiscal year. This will accommodate some 500 terminals, for both U.I. and E.S. use, including computerized job matching of available applicants with employer orders for workers.

Concurrently, we established a new Systems Development Department. The staff of analysts assigned there has done much of the preparatory work required to modernize our claims payment and tax systems, developing a common data base for fully integrated operations, providing a structure for job matching, and for generating appropriate management reports as an immediate by-product of operations. This is a major investment for the future of the division.

E. Unemployment Compensation Fund Deficit

During the preceding year, continued high levels of benefit payment depleted the reserve funds accumulated in prior years, and required borrowing of \$25,000,000 in federal funds to meet current obligations. This deficit multiplied in fiscal year 1976, so that an additional \$240,000,000 of federal loans was needed to continue benefit payments. There is no early prospect of restoring the fund to an adequate level without legislation to increase intake of revenue. This was one of the primary concerns in the task force study noted below and in the Governor's bill, House 4624.

Of the 42,000 individuals placed nearly 10,000 were veterans, which was an increase of 30 percent over the level of the preceding year. This resulted from more attention being given to veterans in general, as noted above under (B). It is also attributable in part to closer supervision of the performance of our 1961 teams. These teams, in which active cooperation in matching the qualifications of applicants with vacant jobs is required.

Another favorable factor was an increase in the number of jobs posted by employers subject to mandatory hiring requirements (based on receipt of federal contracts). The number of such openings was nearly a third higher than in 1973, with well over 12,000 placements resulting.

There were over 10,000 veteran placements, of which 6000 were Vietnam veterans, and 4000 disabled veterans.

There was a significant increase in efforts to assist persons eligible for Trade Act assistance. More than 1100 applicants received some service under this program, which is now likely to expand when the decline

We also attempted to assist some 200 Vietnamese refugees, and found jobs for 44 of them.



Employment ServiceA. Employment Service Accomplishment

Our primary objective for the division continues to be the improvement of our services to the employers of the Commonwealth. We must continue to improve our creditability in the business community in order to improve our inventory of job listings.

The improvement in the state's economy had immediately evident effect on unemployment insurance functions. There was, however, no comparable impact on employment service performance. As employers resumed hiring on a significant scale, our prospect of placing applicants was often restricted because of the recall rights of individuals who had been laid off. In spite of this, we made nearly 106,000 placements, about 3 percent above the total in 1975. This increase is attributed principally to our long-term efforts to improve service to employers.

Of the 62,000 individuals placed nearly 20,000 were claimants, which was an increase of 60 percent over the level of the preceding year. This resulted from more effective interviewing in general, as noted above under II.B. It is also attributable in part to closer supervision of the performance of our ES-UI teams. These teams, in each office, concentrate on matching the qualifications of claimants with orders listed on Job Bank.

Another favorable factor was an increase in the number of jobs listed by employers subject to mandatory listing requirements because of their receipt of federal contracts. The number of such openings was nearly a third higher than in 1975, with well over 12,000 placements resulting.

There were more than 10,000 veteran placements, of which 6400 were Vietnam veterans, and 1300 disabled veterans.

There was a significant increase in efforts to assist persons eligible for Trade Act assistance. More than 1100 applicants received some service under this program, which is more likely to expand than to decline.

We also attempted to assist some 200 Vietnamese refugees, and found jobs for 44 of them.



B. Service to Welfare Recipients

In the Work Incentive (WIN) program for AFDC recipients, there were nearly 6400 clients who entered full-time jobs, and another 800 who obtained part-time work. It is estimated that annual welfare savings resulting from such employment will be about \$8,400,000.

Late in the year, CETA-funded personnel were outstationed in Welfare Service Offices to help find jobs for unemployed fathers of AFDC families, and also for General Relief applicants. A consistent increase in placements over three months of operation indicates that this program may be worth continuing, and perhaps expanding.

C. Rural Manpower Services

This division, in common with the public employment service in other states, is subject to the requirements of a court order by Judge Richey. The purpose is to insure that migrants and seasonal farm workers have full and equal access to all the services we provide. The effect, however, has been that an excessive amount of staff time must be diverted to training, monitoring, and reporting activities - time which could be far more productively devoted to service to clients.

D. Plan for Computerized Job Matching

During the year, our Employment Service staff explored the feasibility of installing a computerized method of matching applicant qualifications with the hiring requirements on employer orders for workers. After consultation with other agencies which have experimented in this area, and analysis of available alternatives, we decided to adopt a batch matching system. This is a major step for the future of our Employment Service. Installation will be contingent on acquisition of the new computer, and completion of the necessary systems and programming steps. It is estimated now that operation will begin July 1, 1977.

The process will involve overnight selection and listing by the computer of those registered applicants qualified to fill the orders placed with us each day by employers. It is anticipated that this will result in faster and better service to employers, as well as more comprehensive and fairer service to applicants.



### III. Unemployment Insurance Service

#### A. Record Level of Claims and Payments

The combined total of claims and payments under all programs was considerably higher than during fiscal year 1975. Approximately 12,300,000 benefit checks were issued, an increase of more than 20 percent. Total disbursements exceeded \$850,000,000, more than 25 percent above the 1975 level. These increases were due essentially to the fact that the temporary federal programs known as Federal Supplemental Benefits and Special Unemployment Assistance programs were in effect the entire year, whereas they had been operative only half of the previous year.

The amount of benefits paid under our regular state program did not differ appreciably from the 1975 total. Under the Regular Extended Benefits program known as TREX, however, the cost of which is shared equally with the federal government, there was a rise of nearly 40 percent in the number of payments and nearly 50 percent in the total benefits paid. This reflected both unusually high rates of unemployment and generally longer duration of unemployment.

#### B. Improved Quality of Claimant Interviews

As workloads began to moderate after mid-year, it became possible to conduct more adequate claimant interviews. These had the dual purpose of assisting in job finding, and in checking more closely on the continued eligibility of claimants. Intensive training was given our personnel in how to conduct such interviews, and packaged training programs were provided for further self-study on various aspects of unemployment insurance. Additional controls were installed to assist management in monitoring the conduct and results of the reinterviewing program.

#### C. Improvement of Claims and Payment System

Concurrently, we were analyzing the recommendations of a consulting firm we had engaged to seek improvements in our benefit payment system. This effort ties in directly with the EDP changes noted in I.D. above. It will ultimately have major impact on the nature and quality of our benefit payment functions in both central and local offices. The group assigned to this developmental work will be similarly engaged throughout the next fiscal year.



D. Planning for New Employer Accounting System

We also established a separate in-house task force to plan the automation of our employer accounting system. This too associates with prospective EDP changes, and should result in improved speed, accuracy, and economy of operation.

E. Class Actions Against Division

Three suits of a class action nature were filed against the division during the year in the U.S. District Court. Two of these were concerned with the appeals process, and attacked on constitutional and other grounds both the fairness and the timeliness of action on appeals. The third, on similar grounds, charged undue delay in determinations of eligibility for benefits and payment of benefits. Although final disposition of these cases is still pending, they have already proven very costly in preparing the defense, responding to interrogatories, and other necessary pre-trial activity.

F. Increased Number of Appeals

Despite the declining claim loads, the number of appeals rose to new peak levels toward the latter part of the year. Because of the time lag in adding and training new hearings officers, backlogs increased and delays became serious. The problem is not yet resolved, but the action taken to increase the staff will bring it under control in the immediate future.

G. Faster First Payments

The most notable administrative achievement during the year was a dramatic improvement in the timeliness of first benefit payments. We had fallen seriously below the federal standard for intrastate first payments, which specifies issuance of 80 percent of such payments within fourteen days. Intensive management attention to the problem, in conjunction with a decline of workloads to less critical levels, enabled us to effect great improvement. By the end of the year, the rate of timely first payments was 90 percent.

H. Increased Trade Act Assistance

The volume of activity under the amended federal Trade Act has increased greatly, as expected. The number of payments was well over 100,000, a six-fold rise from the 1975 level. The amount disbursed, about \$5,500,000, was eight times the total of the previous year.

This is a complex program to administer, and delays in benefit payment have been common. By year-end, we were well along with plans to decentralize such payments. This is expected to result in faster and generally more effective operation.